

***Presentation of Development Fee Study to
City Council
Flagstaff, Arizona
February 26, 2007***



Presented By:

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Agenda

- Requirements of development fees.
- Review the demographic estimates and development projections.
- Development fee methodologies.
- Development fee categories, components, and amounts.
- Question & Answer.

Development Fee Requirements

- Authorized by A.R.S. § 9-463.05.
- Also called impact fees or development impact fees.
- Development fees are one-time payments paid when a building permit is issued.
- Development fee represents new growth's fair share of capital facility needs.
- Can only be used for capital facilities that add or expand capacity and can only be spent on categories for which they are collected.
- Cannot be used for maintaining or replacing existing capital facilities.
- Rational Nexus – demand, proportionality, benefit.
- Assessed in non-discriminatory manner.

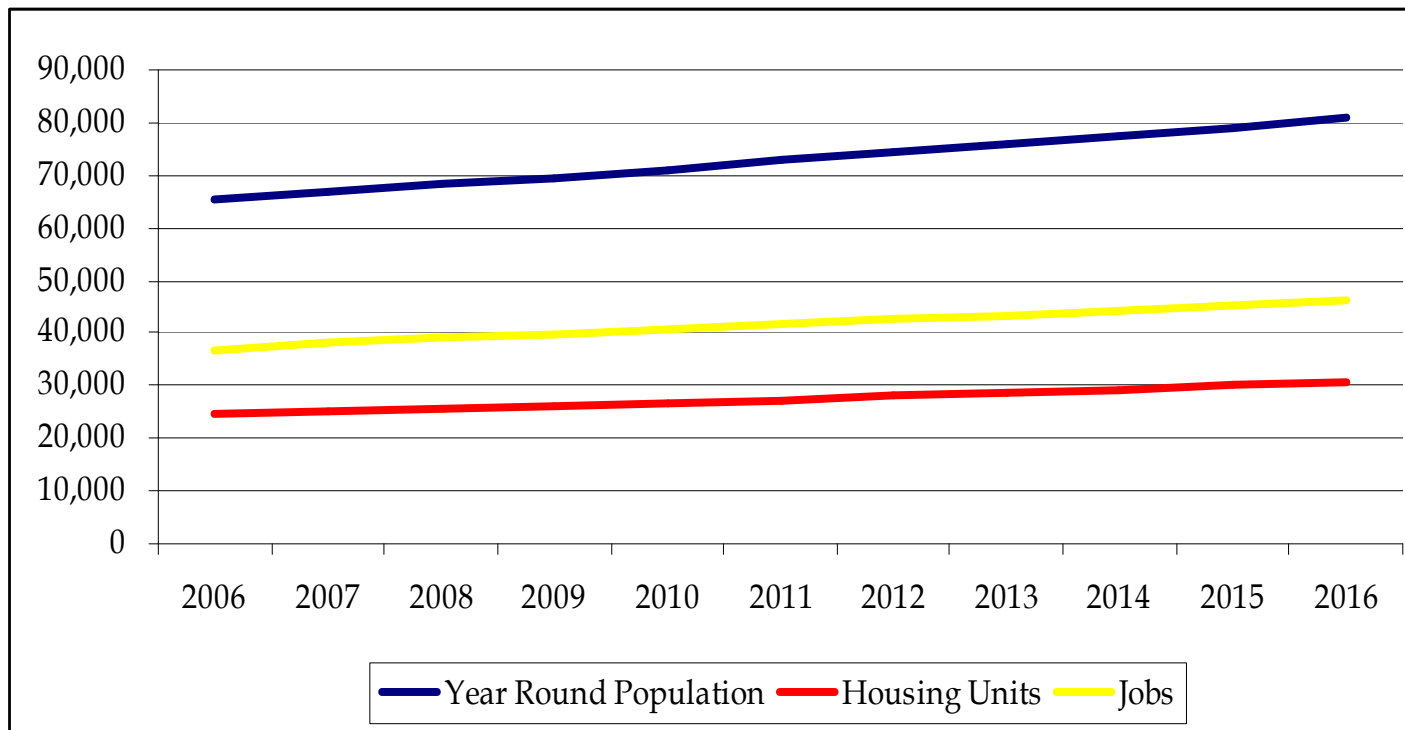
Demographic Estimates (current=FY2007) and Development Projections (future)

- Used to:
 - Measure demand for capital facilities.
 - Determine levels-of-service.
 - Differentiate demands for capital facilities and development fee amounts for residential and nonresidential development.
 - Project amounts and pace of development fee revenue and capital expenditures for new growth and possible need for supplemental non-development fee revenue
- Sources of data:
 - City's Dept. of Community Development.
 - 2000 Census for Flagstaff.
 - Institute of Transportation Engineers, *Trip Generation Manual*.

Summary of Current Demographic Estimates

Year Round Population (peak population plus NAU students in campus housing)	65,338
Housing Units	24,447
Jobs	36,722
Nonresidential Square Feet	13,658,000
Nonresidential Veh. Trips	226,678
Total Veh.Trips (Res & Nonres)	319,032

Summary of Development Projections



Development Fee Methodologies

- Buy-In (past)
 - Used for oversized facilities
 - Original Cost
 - Development Projections
- Incremental Expansion (present)
 - Formula based approach using current levels of service
 - Current inventory of facilities and assets
 - Current replacement cost for comparable facility or asset
 - Current demographic estimates
- Plan-Based (future)
 - CIP
 - Master Plans
 - Planned City costs
 - Development projections

Development Fee Categories

- Libraries
- Parks and Recreation
- Open Space and Trails
- Police
- Fire
- Public Works
- General Government
- Transportation

Library Development Fees

Fee Components

- Land for Facilities (Incremental Expansion)
- Facilities (Incremental Expansion)
- Collections (Incremental Expansion)
- Vehicles (Incremental Expansion)
- Development Fee Study (New growth next 3 years)

Applied to residential development only.

Library Development Fees – Cost Summary

Cost Per Capita Summary

Land for Facilities

\$7.92

Facilities

\$158.02

Collections

\$137.28

Vehicles

\$7.99

Development Fee Study

\$1.23

Total Capital Cost

\$312.44

Library Development Fees

Development Fees

	<i>Land for Facilities</i>	<i>Facilities</i>	<i>Collections</i>	<i>Vehicles</i>	<i>Dev. Fee Study</i>	<i>TOTAL</i>
Single Family Detached	\$23	\$453	\$394	\$23	\$4	\$896
Multi-Family	\$18	\$360	\$312	\$18	\$3	\$711
All Other Housing	\$22	\$437	\$379	\$22	\$3	\$864

Parks and Recreation Development Fees

Fee Components

- Neighborhood Parks – Land and Improvements (Incremental Expansion)
- Community Parks – Land and Improvements (Incremental Expansion)
- Regional Parks – Land and Improvements (Incremental Expansion)
- Recreation Facilities (Incremental Expansion)
- Support Facilities, Vehicles and Equipment (Incremental Expansion)
- Principal Payment Credit
- Development Fee Study (New growth next 3 years)

Applied to residential development only.

Parks and Recreation Development Fees – Cost Summary

Cost Per Capita Summary

Neighborhood Park Land	\$205.01
Neighborhood Park Improvements	\$18.87
Community Park Land	\$474.61
Community Park Improvements	\$73.33
Regional Park Land	\$1,016.18
Regional Park Improvements	\$74.77
Recreation Facilities	\$221.46
Support Vehicles & Equipment	\$24.64
Support Facilities	\$9.30
Less Principal Payment Credit	-\$171.75
Development Fee Study	\$1.81
Total Capital Cost	\$1,948.24

Parks and Recreation Development Fees

Development Fees	Neigh. Park Land	Neigh. Park Improve.	Comm. Park Land	Comm. Park Improve.	Regional Park Land	Regional Park Improve.	Rec. Facilities	Support Vehicles Veh. Equip.	Support Facilities	Credit	Dev. Fee Study	TOTAL
Single Family Detached	\$588	\$54	\$1,362	\$210	\$2,916	\$215	\$635	\$71	\$27	-\$493	\$5	\$5,590
Multi-Family	\$467	\$43	\$1,080	\$167	\$2,312	\$170	\$504	\$56	\$21	-\$391	\$4	\$4,433
All Other Housing	\$567	\$52	\$1,312	\$203	\$2,808	\$207	\$612	\$68	\$26	-\$475	\$5	\$5,384

Open Space and Trails Development Fees

Fee Components

- Trails – (Plan-based)
- Principal Payment Credit
- Development Fee Study (New growth next 3 years)

Applied to residential development only.

Open Space and Trails Development Fees – Cost Summary

Cost Per Capita Summary

Planned Open Space/Trails	\$224.25
Less Credit for Future Principal Payments	-\$20.52
Development Fee Study	\$1.02
Total Capital Cost	\$204.75

Open Space and Trails Development Fees

Development Fees

	<i>Open Space/ Trails</i>	<i>Credit</i>	<i>Dev. Fee Study</i>	<i>TOTAL</i>
Single Family Detached	\$643	-\$59	\$3	\$587
Multi-Family	\$510	-\$47	\$2	\$466
All Other Housing	\$620	-\$57	\$3	\$566

Police Development Fees

Fee Components

- Police Facilities (Incremental Expansion)
- Police Vehicles (Incremental Expansion)
- Animal Control Vehicles (Incremental Expansion)
- Police Share of Communications Equipment (Incremental Expansion)
- Development Fee Study (New growth next 3 years)

Police costs applied to residential and nonresidential development. Animal Control costs applied to only residential development.

Proportionate Share

	<i>July</i> 2005*	<i>January</i> 2006*	<i>TOTAL</i>	
Residential Addresses	658	689	1,347	44%
Nonresidential Addresses	855	870	1,725	56%
TOTAL	1,513	1,559	3,072	100%

* City of Flagstaff Police Department. Does not include road related calls for service.

Police Development Fees – Cost Summary

Cost Summary

Police Facilities

Police Vehicles

Animal Control Vehicles

Police Communications Equipment

Development Fee Study

Total Capital Cost

<u>Per Person</u>	<u>Per Trip</u>
\$70.59	\$26.06
\$15.78	\$5.82
\$0.75	\$0.00
\$2.94	\$1.09
\$0.82	\$0.22
\$90.87	\$33.18

Police Development Fees

Development Fees

Residential

Single Family Detached

Multi-Family

All Other Housing

Nonresidential

Commercial / Shopping Center 25,000 SF or less

Commercial / Shopping Center 25,001-50,000 SF

Commercial/Shopping Center 50,001-100,000 SF

Commercial/Shopping Center 100,001-200,000 SF

Commercial/Shopping Center over 200,000 SF

Office 10,000 SF or less

Office 10,001-25,000 SF

Office 25,001-50,000 SF

Office 50,001-100,000 SF

Office 100,000 SF

Business Park

Light Industrial

Warehousing

Manufacturing

Hotel (per room)

Per Housing Unit

\$261

\$207

\$251

Per Square Foot/Hotel Room

\$1.03

\$0.89

\$0.74

\$0.64

\$0.54

\$0.38

\$0.30

\$0.26

\$0.22

\$0.19

\$0.21

\$0.12

\$0.08

\$0.06

\$93

Fire Development Fees

Fee Components

- Fire Facilities (Plan-based)
- Apparatus (Incremental Expansion)
- Fire Share of Communications Equipment (Incremental Expansion)
- Principal Payment Credit
- Development Fee Study (New growth next 3 years)

Applied to residential and nonresidential development.

Proportionate Share

	<i>Calls</i>	<i>%</i>
Residential	3,111	56%
Nonresidential	2,439	44%
TOTAL	5,550	100%

Source: City of Flagstaff Fire Department. Road related calls for service have been omitted from this analysis.

Fire Development Fees – Cost Summary

Cost Summary

Plan Based Facilities

Vehicles

Communications Equipment

Less Credit for Principal Payments

Development Fee Study

Total Capital Cost

<u>Per Person</u>	<u>Per Trip</u>
\$147.60	\$33.50
\$74.05	\$16.73
\$0.96	\$0.22
-\$69.03	-\$15.47
\$1.11	\$0.19
\$154.68	\$35.18

Fire Development Fees

Figure 62: Fire Development Fee Schedule
Development Fees

Residential Per Housing Unit	
Single Family Detached	\$444
Multi-Family	\$352
All Other Housing	\$428
Nonresidential Per Square Foot/Hotel Room	
Com / Shop Ctr 25,000 SF or less	\$1.09
Com / Shop Ctr 25,001 - 50,000 SF	\$0.94
Com / Shop Ctr 50,001-100,000 SF	\$0.79
Com / Shop Ctr 100,001-200,000 SF	\$0.67
Com / Shop Ctr over 200,000 SF	\$0.57
Office/Inst 10,000 SF or less	\$0.40
Office/Inst 10,001 - 25,000 SF	\$0.32
Office/Inst. 25,001-50,000 SF	\$0.28
Office/Inst 50,001 - 100,000 SF	\$0.23
Office/Inst over 100,000 SF	\$0.20
Business Park	\$0.22
Light Industrial	\$0.12
Warehousing	\$0.09
Manufacturing	\$0.07
Hotel (per room)	\$99

General Government Development Fees

Fee Components

- Facilities (Incremental Expansion)
- Vehicles (Incremental Expansion)
- Development Fee Study (New growth next 3 years)

Applied to residential and nonresidential development.

General Government Development Fees – Cost Summary

Cost Summary

Facilities

Vehicles/Equipment

Development Fee Study

Total Capital Cost

<u>Per Person</u>	<u>Per Job</u>
\$115.47	\$115.47
\$6.68	\$6.68
\$1.04	\$1.04
\$123.19	\$123.19

General Government Development Fees

Development Fees

Residential

Single Family Detached

Multi-Family

All Other Housing

Nonresidential

Commercial / Shopping Center 25,000 SF or less

Commercial / Shopping Center 25,001-50,000 SF

Commercial/Shopping Center 50,001-100,000 SF

Commercial/Shopping Center 100,001-200,000 SF

Commercial/Shopping Center over 200,000 SF

Office 10,000 SF or less

Office 10,001-25,000 SF

Office 25,001-50,000 SF

Office 50,001-100,000 SF

Office 100,000 SF

Business Park

Light Industrial

Warehousing

Manufacturing

Hotel (per room)

Per Housing Unit

\$353

\$280

\$340

Per Square Foot/Hotel Room

\$0.41

\$0.35

\$0.31

\$0.27

\$0.25

\$0.55

\$0.51

\$0.48

\$0.45

\$0.41

\$0.39

\$0.28

\$0.16

\$0.22

\$54

Public Works Government Development Fees

Fee Components

- Facilities (Incremental Expansion)
- Vehicles (Incremental Expansion)
- Development Fee Study (New growth next 3 years)

Applied to residential and nonresidential development.

Public Works Development Fees – Cost Summary

Cost Summary

Facilities

Vehicles/Equipment

Development Fee Study

Total Capital Cost

<u>Per Person</u>	<u>Per Job</u>
\$194.68	\$194.68
\$221.18	\$221.18
\$0.76	\$0.76
\$416.62	\$416.62

Public Works Development Fees

Development Fees

Residential

Single Family Detached

Multi-Family

All Other Housing

Nonresidential

Commercial / Shopping Center 25,000 SF or less

Commercial / Shopping Center 25,001-50,000 SF

Commercial/Shopping Center 50,001-100,000 SF

Commercial/Shopping Center 100,001-200,000 SF

Commercial/Shopping Center over 200,000 SF

Office 10,000 SF or less

Office 10,001-25,000 SF

Office 25,001-50,000 SF

Office 50,001-100,000 SF

Office 100,000 SF

Business Park

Light Industrial

Warehousing

Manufacturing

Hotel (per room)

Per Housing Unit

\$1,195

\$948

\$1,151

Per Square Foot/Hotel Room

\$1.39

\$1.19

\$1.04

\$0.92

\$0.83

\$1.87

\$1.73

\$1.63

\$1.54

\$1.40

\$1.32

\$0.96

\$0.53

\$0.75

\$183

Transportation Development Fees

Fee Components

- Arterial Street Improvements (Plan-based)
- Collector Street Improvements (Plan-based)
- Support Facilities (Incremental Expansion)
- Support Vehicles and Equipment (Incremental Expansion)
- Development Fee Study (New growth next 3 years)

Applied to residential and nonresidential development.

Vehicle Miles of Travel (VMT)

- Trip generation rates for residential and nonresidential land uses
- Length of trips on City's road network

Trip Generation Adjustments

- Commuting adjustment for residential
- Pass-by adjustment for commercial development
- Average trip length adjustments by type of land use

Planned Road Improvements

- Projects that add capacity to the City's arterial or collector road network
 - local costs
 - lane miles added
 - marginal or average approach
- Marginal approach-if project is built only as a result of new development
- Average approach-if project is built as a result of both new and existing development

Transportation Development Fees – Cost Summary

Planned Cost Summary

Arterials - Ave. Trip Length (miles)	1.85	1.85	1.85
Average Trip Length Adjustment	122%	68%	75%
Planned Arterials - Cost Per VMT	\$448.73	\$448.73	\$448.73
Arterials - Cost for Ave. Length Trip	\$1,010.05	\$562.98	\$620.93
Collectors - Ave. Trip Length (miles)	0.23	0.23	0.23
Average Trip Length Adjustment	122%	68%	75%
Collectors- Cost Per VMT	\$443.64	\$443.64	\$443.64
Collectors - Cost for Ave. Length Trip	\$121.78	\$67.88	\$74.86
Support Facilities Cost Per Trip	\$5.33	\$5.33	\$5.33
Support Vehicle/Equip Cost Per Trip	\$41.36	\$41.36	\$41.36
Development Fee Study Cost Per Trip	\$0.66	\$0.66	\$0.66
Net Capital Cost Per Trip	\$1,179.17	\$678.20	\$743.14

Transportation Development Fees

Development Fees

Residential (per housing unit)

- 210 Single Family Detached
- 220 Multi-family
- 240 All Other Types of Housing

Nonresidential Per Square Foot of Floor Area/Hotel Room

- 820 Commercial / Shopping Center 25,000 SF or less
- 820 Commercial / Shopping Center 25,001-50,000 SF
- 820 Commercial/Shopping Center 50,001-100,000 SF
- 820 Commercial/Shopping Center 100,001-200,000 SF
- 820 Commercial/Shopping Center over 200,000 SF
- 710 Office 10,000 SF or less
- 710 Office 10,001-25,000 SF
- 710 Office 25,001-50,000 SF
- 710 Office 50,001-100,000 SF
- 710 Office 100,000 SF
- 770 Business Park
- 110 Light Industrial
- 150 Warehousing
- 140 Manufacturing
- 310 Hotel (per room)

Residential	Commercial / Shopping Ctrs	Other Nonres
\$5,872		
\$3,595		
\$3,061		
	\$20.94	
	\$18.19	
	\$15.19	
	\$13.00	
	\$11.05	
		\$8.41
		\$6.81
		\$5.81
		\$4.95
		\$4.22
		\$4.74
		\$2.58
		\$1.84
		\$1.41
		\$2,092

Development Fee Schedule

	<i>Library</i>	<i>Parks & Recreation</i>	<i>Open Space & Trails</i>	<i>Police</i>	<i>Fire</i>	<i>Public Works</i>	<i>General Government</i>	<i>Transportation</i>	<i>TOTAL</i>
<u>Residential (per unit)</u>									
Single Family Detached	\$896	\$5,590	\$587	\$261	\$444	\$1,195	\$353	\$5,872	\$15,199
Multi-Family	\$711	\$4,433	\$466	\$207	\$352	\$948	\$280	\$3,595	\$10,992
All Other Housing	\$864	\$5,384	\$566	\$251	\$428	\$1,151	\$340	\$3,061	\$12,045
<u>Nonresidential (per square foot/hotel room)</u>									
Commercial / Shopping Center 25,000 SF or less	N/A	N/A	N/A	\$1.03	\$1.09	\$1.39	\$0.41	\$20.94	\$24.85
Commercial / Shopping Center 25,001-50,000 SF	N/A	N/A	N/A	\$0.89	\$0.94	\$1.19	\$0.35	\$18.19	\$21.57
Commercial/Shopping Center 50,001-100,000 SF	N/A	N/A	N/A	\$0.74	\$0.79	\$1.04	\$0.31	\$15.19	\$18.07
Commercial/Shopping Center 100,001-200,000 SF	N/A	N/A	N/A	\$0.64	\$0.67	\$0.92	\$0.27	\$13.00	\$15.51
Commercial/Shopping Center over 200,000 SF	N/A	N/A	N/A	\$0.54	\$0.57	\$0.83	\$0.25	\$11.05	\$13.24
Office 10,000 SF or less	N/A	N/A	N/A	\$0.38	\$0.40	\$1.87	\$0.55	\$8.41	\$11.60
Office 10,001-25,000 SF	N/A	N/A	N/A	\$0.30	\$0.32	\$1.73	\$0.51	\$6.81	\$9.68
Office 25,001-50,000 SF	N/A	N/A	N/A	\$0.26	\$0.28	\$1.63	\$0.48	\$5.81	\$8.46
Office 50,001-100,000 SF	N/A	N/A	N/A	\$0.22	\$0.23	\$1.54	\$0.45	\$4.95	\$7.40
Office 100,000 SF	N/A	N/A	N/A	\$0.19	\$0.20	\$1.40	\$0.41	\$4.22	\$6.42
Business Park	N/A	N/A	N/A	\$0.21	\$0.22	\$1.32	\$0.39	\$4.74	\$6.88
Light Industrial	N/A	N/A	N/A	\$0.12	\$0.12	\$0.96	\$0.28	\$2.58	\$4.07
Warehousing	N/A	N/A	N/A	\$0.08	\$0.09	\$0.53	\$0.16	\$1.84	\$2.70
Manufacturing	N/A	N/A	N/A	\$0.06	\$0.07	\$0.75	\$0.22	\$1.41	\$2.51
Hotel (per room)	N/A	N/A	N/A	\$93	\$99	\$183	\$54	\$2,092	\$2,522

Timeline for Implementation (per A.R.S. § 9-463.05)

- 60 Day Notice of Intent Period
- Public Hearing, 1st Reading of Ordinance
- 14 Days
- 2nd Reading of Ordinance
- 90 Days Until New Fee Schedule Goes Into Affect

Thank you!

Questions or comments?